

## OPEN MEETING

## M E M O R A N D U M

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 27, 2022

RE: IN THE MATTER IF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF IT'S 2023 RENEWABLE ENERGY STANDARD TARIFF IMPLEMENTATION PLAN. (DOCKET NO. E-01461A-22-0179)

## INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order in the Matter of the Application of Trico Electric Cooperative, Inc. for Approval of its 2023 Renewable Energy Standard Tariff Implementation Plan (Docket No. E-01461A-22-0179). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission may decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by efilng at <https://efiling.azcc.gov/> or filing an original and the appropriate number of copies in accordance with the Filing Requirements available at <http://azcc.gov/hearing/docket-control-center-filing-requirements>, with the Commission's Docket Control on or before: **January 6, 2023.**

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **January 10, 2023, and January 11, 2023.**

If you have any questions about this matter, please contact Chaunce De Roos of our Staff at (602) 542-0941 or Elijah Abinah, Director, at (602) 542-6935.

## BACKGROUND

Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") is a consumer-owned, rural electric distribution cooperative serving more than 45,000 customers in Pima, Pinal, and Santa Cruz Counties, Arizona.

On July 1, 2022, Trico filed its 2023 Renewable Energy Standard and Tariff ("REST") Implementation Plan ("2023 REST Plan") in compliance with the Arizona Administrative Code ("A.A.C.") R14-2-1814, which is the section in the REST rules that pertains to electric cooperatives.



Trico is an Arizona non-profit corporation that is certified to provide electricity as a public service corporation. Trico's current REST Plan was approved by the Arizona Corporation Commission ("Commission") in Decision No. 78433 (January 31, 2022).

## 2023 REST PLAN PROGRAMS

### *Overview*

Trico's 2023 REST Plan proposes to continue all the same renewable energy programs and initiatives that were approved in its 2022 REST Plan. Trico anticipates its programs and projects will provide 97,000 Megawatt-hours ("MWh") of distributed renewable generation and almost 74,000 MWh of non-distributed renewable generation by the end of 2023, for a total of 171,000 MWh of renewable generation, or approximately 20.3 percent of Trico's retail energy sales.

### *Summary of Projects*

Table 1 details Trico's installed projects through its REST Plan from 2019 to June 2022. Table 2 details the energy generated from the installed projects, in MWh, for 2022. Table 3 details energy generated from technology type, in MWh, for 2022.

**Table 1: Installed Projects**

Projects Installed	2021	2022 (As of 1/1/2022 – 6/30/2022)
Photo Voltaic ("PV" Systems)	666	386
Generation Meters	700	384
Solar Water Heating System	0	0

**Table 2: 2022 Annualized Total Energy Generated by Project in MWh**

Installed Projects	Annualized Total of Energy Generated (MWh)
Sun Farm	382
Apache	13,839
Avion	26,556
<b>Total</b>	<b>40,777</b>

**Table 3: 2022 Annualized Total Energy Generated by Technology Type**

Technology Type	2022 Annualized Energy Generated in MWh	
	Residential	Non-Residential
PV	53,238	28,420
Solar Water Heater	579	9
Wind	0.18	0
<b>Total</b>	<b>53,817.18</b>	<b>28,429</b>



## THE SUNWATTS GREEN ENERGY PURCHASE PROGRAM

The SunWatts Green Energy Purchase Program is an existing program that allows Trico's retail customers an opportunity to purchase 50 kilowatt-hour ("kWh") blocks of "green energy" at the cost of \$2 per block. Green energy purchases are reflected as a line item on the participating customers' retail bills. Trico is proposing to continue using all funds received in support of the 2023 REST Plan programs. Trico proposes no change to the existing tariff applicable to this program, the Voluntary Renewable Energy Standard Program Tariff (Schedule VRES).

## SUNWATTS RESIDENTIAL AND NON-RESIDENTIAL PV INTERCONNECTION PROGRAM

Trico's PV Interconnection Program is an existing program that assists customers with the interconnection of PV systems to encourage the installation of qualifying solar PV. Trico also offers incentives for the installation of solar water heating systems and other renewable technologies, as applicable:

- PV systems up to 10 kilowatts ("kW") in system size: Continue to maintain a zero-dollar Up-Front Incentive ("UFI"), for newly installed customer owned and lease PV systems.
- PV systems over 10 kW in system size: Continue to maintain a zero-dollar Performance Based Incentive ("PBI"), for newly installed customer owned and leased PV systems.
- PV for Schools Program: Pursuant to Trico's 2020 REST Plan (Decision No. 77541 dated January 23, 2020), Trico's PV for Schools Program was reinstated. In the event Trico is made aware of any school related PV projects that could use assistance, Trico will evaluate the request and determine the best way to provide support. Trico continues to support schools that are already part of this program.
- Solar Water Heater Systems: As currently offered under the 2022 REST Plan, Trico proposes to continue its UFI rebate equal to \$0.40 per kWh of energy during the system's first year of operation. Only systems certified by the Solar Ratings and Certification Corporation ("SRCC") or the International Association of Plumbing and Mechanical Officials ("IAPMO") as being OG-300 are eligible for this rebate. In addition, the customer contribution to the cost of the solar water heater must be a minimum of 15 percent of the total project cost after accounting for and applying all deferral and state incentives. Rebates for solar water heaters will be distributed on a first-come, first-served basis and will be available until such time that the rebate budget is exhausted, customers will be placed on a rebate reservation waiting list. Solar swimming pool heating systems are not eligible for the rebate.



Trico's retail SunWatts program continues to experience high demand. In 2021, Trico received 788 interconnection applications which is an increase from 578 applications from the previous year. This is the highest number of applications received by Trico in a single year.

#### **GENERATION METERING PROGRAMS**

As approved under Trico's 2013 REST Plan (Decision No. 73634), Trico began installing metering that measures the output of the PV generation on all new and existing retail PV systems. For Trico's 2023 REST Plan, Trico proposes to continue this program, as currently offered, whereby Trico allocates a portion of the budget to installing Trico owned PV generation meters on all residential and commercial PV systems. The cost for the program includes the capital cost of each meter and labor to install the meter. For 2023, Trico has budgeted for 997 solar applications.

#### **UTILITY SCALE RENEWABLE RESOURCES PROGRAM**

Trico continues to develop utility scale renewable resource programs. In December 2018, Trico's Avion 10 Megawatt ("MW") Solar Project went into service. Trico entered into an agreement to install a 10 MW utility scale PV project with 15 MW (30 MWh) battery storage facility in Pinal County (the "Chirreon" project). The Chirreon project was commissioned in October 2022. All of Trico's current and anticipated utility scale renewable projects are in the form of purchase power agreements, the costs of which will be recovered through Trico's Wholesale Power Cost Adjustor ("WPCA"). The program does not utilize any REST funds.

#### **NET METERING**

The eligibility requirements for Trico's Net Metering Tariffs were approved by the Commission in Decision No. 76460, dated November 17, 2017. All residential PV applications received on or before February 24, 2017, for the installation of a renewable resource (that meet the requirements under the Trico Distributed Generation ("DG") Energy export Tariff) are eligible to participate under the tariffs.

#### **DG ENERGY EXPORT TARIFF**

The eligibility requirements for Trico's DG Energy Export Tariff were approved by the Commission in Decision No. 75976, dated February 24, 2017. All residential customers who submit an application after February 24, 2017, for the installation of a renewable resource (that meet the requirements under the Trico DG Energy Export Tariff) are eligible to participate under the tariff.

#### **COMMUNITY SOLAR PROJECT ("SUNWATTS SUN FARM")**

The Trico SunWatts Sun farm consists of 840 ground mount fixed tilt PV panels that total 227 kW. Trico's SunWatts Sun Farm project is intended to assist Trico customers who are unable



to purchase or situate a PV system on their rooftop. The program allows for membership in two ways:

- A Trico customer can purchase panel output in one-quarter, one-half or in full panel increments up to but not to exceed their average monthly energy usage in the last twelve-month period. Customers who purchase a part or several panels output will receive a credit on their bill equal to energy generated by their panel(s) in accordance with the SunWatts Sun Farm Tariff approved under Decision No. 72086; or
- A Trico customer may purchase panel output through a monthly solar energy charge. The solar energy charge will stay fixed for a twenty (20) year contract term. A Trico customer can purchase energy output in whole panel increments up to but not to exceed their minimum monthly energy usage in the last twelve-months in accordance with the SunWatts Sun Farm Monthly Tariff approved under Decision No. 75976.

Currently, the program is fully subscribed. In the event a current member decides to no longer participate in the program, Trico may purchase the member's panel output back, leaving the panel output available to other Trico customers.

#### **FLEXIBILITY OF FUNDS**

Trico requests continuation of Commission approval to shift approved funds between programs and to modify the program budgets in the 2023 REST Plan when cost-effective to do so. Trico indicates that such flexibility is needed to maintain and grow participation in its 2023 REST Plan. Customer response is not able to be predicted easily, having this flexibility is essential in addressing customer responses.

#### **RESIDENTIAL PREPAID SERVICE PILOT PROGRAM REST SURCHARGE CALCULATION**

Pursuant to Decision No. 75087, the Residential Prepaid Service ("RPS") Tariff is subject to the REST Surcharge on a per kWh basis as are all other Trico rates, but with the use of a daily (rather than monthly) REST Surcharge Cap. The calculation for the daily REST Surcharge Cap is based on the following formula:

Monthly Residential REST Surcharge maximum multiplied by 12 months and divided by 365 days rounded to the nearest mill (1/10 of a penny).

Trico is proposing the Residential REST Surcharge Cap to be \$1.68 per month resulting in a REST Surcharge Cap for RPS customers of \$0.06 per day under its 2023 REST Plan.<sup>1</sup> This represents no change in the current REST Surcharge Cap for RPS customers.

---

<sup>1</sup>  $\$1.68 \times 12 \div 365 = \$0.0552$ ; rounded to the nearest mill is \$0.06



## **ANNUAL REPORTING AND PLAN DEVELOPMENT**

According to the application, Trico states it will docket a report that describes the results for its 2022 REST Plan by April 1, 2023. In addition, Trico's application states it will docket its new REST Plan application as required in A.A.C. R14-2-1814(B) on or before July 1 of each year.

## **REQUIRED REPORTING INFORMATION**

Decision Nos. 72734, 72737, and 72738 ordered Tucson Electric Power Company, Arizona Public Service Company, and UNS Electric, Inc. to submit a report for Commission Staff approval on the Companies' joint REST Plan formatting standardization efforts. Such report was to be formatted by a REST Format Working Group ("REST Working Group") that consisted of members of all utilities that fall within the jurisdiction of the Commission. The REST Working Group submitted its recommendations to the Commission, which were subsequently adopted. Trico has submitted tabulated Targeted Resources and Targeted RES Resource Costs in order to meet this requirement.

## **ADVERTISING AND PROMOTION**

Advertising and promotion for Trico SunWatts includes but is not limited to the following: social media; bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and a SunWatts promotional presence on the Trico website.

## **SOLAR APPLICATION MANAGEMENT SOFTWARE**

Trico's 2018 REST Plan budget included the implementation of a new solar application management software program PowerClerk. This software allows for Trico customers and/or their solar installers to submit their applications online. Trico has now been using PowerClerk for over three years. The Cooperative has experienced a significant reduction in the time it takes to process solar applications.

In 2022, Trico reported its annual fee to maintain PowerClerk was \$49,984. For 2023, the annual fee to maintain PowerClerk is approximately \$63,984. Trico has included this cost in the Administrative Expense budget line item in its 2023 REST Plan. Trico has indicated that it can cancel its subscription at any time.

## **COMPLIANCE REQUIREMENTS**

Under the REST rules, cooperatives do not have a compliance requirement. Cooperatives however, pursuant to A.A.C. R14-2-1812, are required to file an annual compliance report. On March 30, 2022, Trico submitted its annual REST compliance report (compliance year 2021) and reported that it generated 130,358 MWh of renewable energy.



## 2023 REST BUDGET

Trico's 2023 REST PLAN includes the same renewable energy programs and initiatives that were approved in the 2022 REST Plan. Table 4 details the budget and expenses from 2021 through 2022.

**Table 4: 2021 – 2022 Trico REST Budget Table**

Category	2021 Actual Expenses	2022 Approved Budget	2022 Actual Expenses (as of June 30, 2022)	Proposed 2023 Budget
UFI Program Rebates	\$0	\$0	\$0	\$0
Existing PBI Rebates	\$653,876	\$621,855	\$191,175	\$599,692
Residential Solar Water Heating UFI Rebates	\$0	\$1,212	\$0	\$1,212
Generation Meter Program	\$97,268	\$74,926	\$45,328	\$135,592
Administrative Expenses	\$420,593	\$333,413	\$210,913	\$389,767
Projected (Carryover)/Deficit	(\$10,171)	\$40,997	\$0	(\$13,381)
<b>Total REST Budget (with deficit or excess)</b>	<b>\$1,161,566</b>	<b>\$1,072,403</b>	<b>\$457,586</b>	<b>\$1,112,882</b>

The Cooperative proposes an increase to the budget due to the continued growth in rooftop solar installations; however, there is proposed decrease to the surcharge energy rate and monthly dollar cap for all classes. Trico has reported that the Cooperative expects a small over or under collection will continue each year.

## SURCHARGE RATES AND CAPS

Table 5 details the current surcharge rates and caps that have been approved for Trico, and the surcharge rates and caps proposed by Trico for 2023. The surcharge decrease is due to the anticipated budget 2022 surplus of approximately \$13,381 and the projected increase in energy sales for 2023. The average residential customer would see a \$0.17 per month decrease from the 2022 REST Plan surcharge.

**Table 5: Surcharge Rates and Caps**

Customer Type	2022 Rate (\$/kWh)	2023 Rate (\$/kWh)	2022 Maximum	2023 Maximum
Residential	\$0.003433	\$0.003043	\$1.85	\$1.68
Non-Residential (less than 3,000 kW)	\$0.003433	\$0.003043	\$88.26	\$80.35
Non-Residential (equal or greater than 3,000 kW)	\$0.003433	\$0.003043	\$1,708.21	\$1,555.12
Governmental and Agricultural	\$0.001031	\$0.000559	\$44.19	\$40.24



## CUSTOMER CLASS COLLECTIONS

Table 6 indicates the REST funds Trico estimates would be collected from each customer class:

**Table 6: Customer Class Collections**

Customer Class	% of Customers Reaching the REST Cap	Estimated Revenue (\$)	Estimated Revenue (%)
Residential	58%	\$798,607	72%
Non-Residential (< 3 MW)	50%	\$292,763	26%
Non-Residential (≥ 3 MW)	100%	\$18,661	2%
Agricultural & Governmental	85%	\$5,293	0%
<b>Total</b>		<b>\$1,115,324</b>	<b>100%</b>

## STAFF RECOMMENDATIONS

Staff makes the following recommendations:


1. That Trico's proposed 2023 REST Plan be approved as discussed herein.
2. That Trico maintain its incentives (UFIs and PBIs) at the current zero levels for new PV Systems.
3. That Trico continue its UFI rebates of \$0.40 per kwh of energy saved during the first year of operation, for appropriately certified solar water heating systems.

That Trico continue recovery of lifetime costs of existing PBIs for the full term of the contracts.

4. Continuation of the SunWatts Sun Farm Program as discussed herein.
5. That Trico be permitted to continue to move REST dollars between its various REST Programs with the following previously approved restrictions:
  - That no more than 15 percent of the program's approved budget be affected by the shift.
  - Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing shift.
  - That, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift will occur unless Trico first secures a Commission Decision authorizing the shift. However, before providing written notice to Trico, Staff will work with the Cooperative in an attempt to resolve the issue.



- That within 60 days following any funds shift, Trico must submit to Staff a revised budget including the shift of funds.
6. Approval of Trico's proposed 2023 REST Plan budget as discussed herein.
  7. Approval of Trico's proposed 2023 REST Plan surcharge cap for RPS customers of \$0.06 per day.
  8. Approval of Trico's proposed 2023 REST Plan surcharge rates and monthly dollar caps as detailed in Table 5.
  9. That Trico continue to file its annual REST compliance reports in Docket No. E-00000A-16-0084.

Handwritten signature of Elijah O. Abinah in black ink, with the letters 'FOR' written below it.

Elijah O. Abinah  
Director  
Utilities Division

EOA:CVTD:jn\SAE

ORIGINATOR: Chaunce De Roos



THE COMMISSION

December 27, 2022

Page 10

On this 27th day of December, 2022, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Eric Hawkins

Trico Electric Cooperative, Inc.

Post Office Box 930

Marana, Arizona 85653

[ehawkins@trico.coop](mailto:ehawkins@trico.coop)

**Consented to Service by Email**

Robin Mitchell

Director/Chief Counsel, Legal Division

Arizona Corporation Commission

1200 West Washington Street

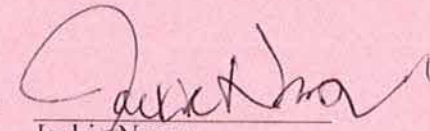
Phoenix, Arizona 85007

[legaldiv@azcc.gov](mailto:legaldiv@azcc.gov)

[utildivservicebyemail@azcc.gov](mailto:utildivservicebyemail@azcc.gov)

**Consented to Service by Email**

By:

  
Jackie Neese  
Executive Assistant



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**BEFORE THE ARIZONA CORPORATION COMMISSION**

LEA MÁRQUEZ PETERSON  
Chairwoman  
SANDRA D. KENNEDY  
Commissioner  
JUSTIN OLSON  
Commissioner  
ANNA TOVAR  
Commissioner  
JIM O'CONNOR  
Commissioner

IN THE MATTER IF THE APPLICATION  
OF TRICO ELECTRIC COOPERATIVE,  
INC. FOR APPROVAL OF IT'S 2023  
RENEWABLE ENERGY STANDARD  
TARIFF IMPLEMENTATION PLAN.

) DOCKET NO. E-01461A-22-0179  
)  
) DECISION NO. \_\_\_\_\_  
) ORDER

Open Meeting  
January 10 and 11, 2023  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

**Background**

1. Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") is a consumer-owned, rural electric distribution cooperative serving more than 45,000 customers in Pima, Pinal, and Santa Cruz Counties, Arizona.

2. On July 1, 2022, Trico filed its 2023 Renewable Energy Standard and Tariff ("REST") Implementation Plan ("2023 REST Plan") in compliance with the Arizona Administrative Code ("A.A.C.") R14-2-1814, which is the section in the REST rules that pertains to electric cooperatives.

3. Trico is an Arizona non-profit corporation that is certified to provide electricity as a public service corporation. Trico's current REST Plan was approved by the Arizona Corporation Commission ("Commission") in Decision No. 78433 (January 31, 2022).



## 2023 Rest Plan Programs

### Overview

4. Trico's 2023 REST Plan proposes to continue all the same renewable energy programs and initiatives that were approved in its 2022 REST Plan. Trico anticipates its programs and projects will provide 97,000 Megawatt-hours ("MWh") of distributed renewable generation and almost 74,000 MWh of non-distributed renewable generation by the end of 2023, for a total of 171,000 MWh of renewable generation, or approximately 20.3 percent of Trico's retail energy sales.

### Summary of Projects

5. Table 1 details Trico's installed projects through its REST Plan from 2019 to June 2022. Table 2 details the energy generated from the installed projects, in MWh, for 2022. Table 3 details energy generated from technology type, in MWh, for 2022.

**Table 1: Installed Projects**

Projects Installed	2021	2022 (As of 1/1/2022 – 6/30/2022)
Photo Voltaic ("PV" Systems)	666	386
Generation Meters	700	384
Solar Water Heating System	0	0

**Table 2: 2022 Annualized Total Energy Generated by Project in MWh**

Installed Projects	Annualized Total of Energy Generated (MWh)
Sun Farm	382
Apache	13,839
Avion	26,556
<b>Total</b>	<b>40,777</b>

**Table 3: 2022 Annualized Total Energy Generated by Technology Type**

Technology Type	2022 Annualized Energy Generated in MWh	
	Residential	Non-Residential
PV	53,238	28,420
Solar Water Heater	579	9
Wind	0.18	0
<b>Total</b>	<b>53,817.18</b>	<b>28,429</b>



**The SunWatts Green Energy Purchase Program**

6. The SunWatts Green Energy Purchase Program is an existing program that allows Trico's retail customers an opportunity to purchase 50 kilowatt-hour ("kWh") blocks of "green energy" at the cost of \$2 per block. Green energy purchases are reflected as a line item on the participating customers' retail bills. Trico is proposing to continue using all funds received in support of the 2023 REST Plan programs. Trico proposes no change to the existing tariff applicable to this program, the Voluntary Renewable Energy Standard Program Tariff (Schedule VRES).

**SunWatts Residential And Non-Residential PV Interconnection Program**

7. Trico's PV Interconnection Program is an existing program that assists customers with the interconnection of PV systems to encourage the installation of qualifying solar PV. Trico also offers incentives for the installation of solar water heating systems and other renewable technologies, as applicable:

- PV systems up to 10 kilowatts ("kW") in system size: Continue to maintain a zero-dollar Up-Front Incentive ("UFI"), for newly installed customer owned and lease PV systems.
- PV systems over 10 kW in system size: Continue to maintain a zero-dollar Performance Based Incentive ("PBI"), for newly installed customer owned and leased PV systems.
- PV for Schools Program: Pursuant to Trico's 2020 REST Plan (Decision No. 77541 dated January 23, 2020), Trico's PV for Schools Program was reinstated. In the event Trico is made aware of any school related PV projects that could use assistance, Trico will evaluate the request and determine the best way to provide support. Trico continues to support schools that are already part of this program.
- Solar Water Heater Systems: As currently offered under the 2022 REST Plan, Trico proposes to continue its UFI rebate equal to \$0.40 per kWh of energy during the system's first year of operation. Only systems certified by the Solar Ratings and Certification Corporation ("SRCC") or the International Association of Plumbing and Mechanical Officials ("IAPMO") as being OG-300 are eligible for this rebate.



1 In addition, the customer contribution to the cost of the solar water heater must be a  
2 minimum of 15 percent of the total project cost after accounting for and applying all  
3 deferral and state incentives. Rebates for solar water heaters will be distributed on a  
4 first-come, first-served basis and will be available until such time that the rebate  
5 budget is exhausted, customers will be placed on a rebate reservation waiting list.  
6 Solar swimming pool heating systems are not eligible for the rebate.

7 8. Trico's retail SunWatts program continues to experience high demand. In 2021,  
8 Trico received 788 interconnection applications which is an increase from 578 applications from the  
9 previous year. This is the highest number of applications received by Trico in a single year.

#### 10 **Generation Metering Programs**

11 9. As approved under Trico's 2013 REST Plan (Decision No. 73634), Trico began  
12 installing metering that measures the output of the PV generation on all new and existing retail PV  
13 systems. For Trico's 2023 REST Plan, Trico proposes to continue this program, as currently offered,  
14 whereby Trico allocates a portion of the budget to installing Trico owned PV generation meters on  
15 all residential and commercial PV systems. The cost for the program includes the capital cost of  
16 each meter and labor to install the meter. For 2023, Trico has budgeted for 997 solar applications.

#### 17 **Utility Scale Renewable Resources Program**

18 10. Trico continues to develop utility scale renewable resource programs. In December  
19 2018, Trico's Avion 10 Megawatt ("MW") Solar Project went into service. Trico entered into an  
20 agreement to install a 10 MW utility scale PV project with 15 MW (30 MWh) battery storage facility  
21 in Pinal County (the "Chirreon" project). The Chirreon project was commissioned in October 2022.  
22 All of Trico's current and anticipated utility scale renewable projects are in the form of purchase  
23 power agreements, the costs of which will be recovered through Trico's Wholesale Power Cost  
24 Adjustor ("WPCA"). The program does not utilize any REST funds.

#### 25 **Net Metering**

26 11. The eligibility requirements for Trico's Net Metering Tariffs were approved by the  
27 Commission in Decision No. 76460, dated November 17, 2017. All residential PV applications  
28 received on or before February 24, 2017, for the installation of a renewable resource (that meet the



requirements under the Trico Distributed Generation ("DG") Energy export Tariff) are eligible to participate under the tariffs.

### **DG Energy Export Tariff**

12. The eligibility requirements for Trico's DG Energy Export Tariff were approved by the Commission in Decision No. 75976, dated February 24, 2017. All residential customers who submit an application after February 24, 2017, for the installation of a renewable resource (that meet the requirements under the Trico DG Energy Export Tariff) are eligible to participate under the tariff.

### **Community Solar Project ("SunWatts Sun Farm")**

13. The Trico SunWatts Sun farm consists of 840 ground mount fixed tilt PV panels that total 227 kW. Trico's SunWatts Sun Farm project is intended to assist Trico customers who are unable to purchase or situate a PV system on their rooftop. The program allows for membership in two ways:

- A Trico customer can purchase panel output in one-quarter, one-half or in full panel increments up to but not to exceed their average monthly energy usage in the last twelve-month period. Customers who purchase a part or several panels output will receive a credit on their bill equal to energy generated by their panel(s) in accordance with the SunWatts Sun Farm Tariff approved under Decision No. 72086; or
- A Trico customer may purchase panel output through a monthly solar energy charge. The solar energy charge will stay fixed for a twenty (20) year contract term. A Trico customer can purchase energy output in whole panel increments up to but not to exceed their minimum monthly energy usage in the last twelve-months in accordance with the SunWatts Sun Farm Monthly Tariff approved under Decision No. 75976.

14. Currently, the program is fully subscribed. In the event a current member decides to no longer participate in the program, Trico may purchase the member's panel output back, leaving the panel output available to other Trico customers.

### **Flexibility Of Funds**

15. Trico requests continuation of Commission approval to shift approved funds between programs and to modify the program budgets in the 2023 REST Plan when cost-effective to do so.



Trico indicates that such flexibility is needed to maintain and grow participation in its 2023 REST Plan. Customer response is not able to be predicted easily, having this flexibility is essential in addressing customer responses.

#### **Residential Prepaid Service Pilot Program Rest Surcharge Calculation**

16. Pursuant to Decision No. 75087, the Residential Prepaid Service ("RPS") Tariff is subject to the REST Surcharge on a per kWh basis as are all other Trico rates, but with the use of a daily (rather than monthly) REST Surcharge Cap. The calculation for the daily REST Surcharge Cap is based on the following formula:

17. Monthly Residential REST Surcharge maximum multiplied by 12 months and divided by 365 days rounded to the nearest mill (1/10 of a penny).

18. Trico is proposing the Residential REST Surcharge Cap to be \$1.68 per month resulting in a REST Surcharge Cap for RPS customers of \$0.06 per day under its 2023 REST Plan. This represents no change in the current REST Surcharge Cap for RPS customers.

#### **Annual Reporting And Plan Development**

19. According to the application, Trico states it will docket a report that describes the results for its 2022 REST Plan by April 1, 2023. In addition, Trico's application states it will docket its new REST Plan application as required in A.A.C. R14-2-1814(B) on or before July 1 of each year.

#### **Required Reporting Information**

20. Decision Nos. 72734, 72737, and 72738 ordered Tucson Electric Power Company, Arizona Public Service Company, and UNS Electric, Inc. to submit a report for Commission Staff approval on the Companies' joint REST Plan formatting standardization efforts. Such report was to be formatted by a REST Format Working Group ("REST Working Group") that consisted of members of all utilities that fall within the jurisdiction of the Commission. The REST Working Group submitted its recommendations to the Commission, which were subsequently adopted. Trico has submitted tabulated Targeted Resources and Targeted RES Resource Costs in order to meet this requirement.

...



**Advertising And Promotion**

21. Advertising and promotion for Trico SunWatts includes but is not limited to the following: social media; bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and a SunWatts promotional presence on the Trico website.

**Solar Application Management Software**

22. Trico's 2018 REST Plan budget included the implementation of a new solar application management software program PowerClerk. This software allows for Trico customers and/or their solar installers to submit their applications online. Trico has now been using PowerClerk for over three years. The Cooperative has experienced a significant reduction in the time it takes to process solar applications.

23. In 2022, Trico reported its annual fee to maintain PowerClerk was \$49,984. For 2023, the annual fee to maintain PowerClerk is approximately \$63,984. Trico has included this cost in the Administrative Expense budget line item in its 2023 REST Plan. Trico has indicated that it can cancel its subscription at any time.

**Compliance Requirements**

24. Under the REST rules, cooperatives do not have a compliance requirement. Cooperatives however, pursuant to A.A.C. R14-2-1812, are required to file an annual compliance report. On March 30, 2022, Trico submitted its annual REST compliance report (compliance year 2021) and reported that it generated 130,358 MWh of renewable energy.

**2023 Rest Budget**

25. Trico's 2023 REST PLAN includes the same renewable energy programs and initiatives that were approved in the 2022 REST Plan. Table 4 details the budget and expenses from 2021 through 2022.

...

...

...

**Table 4: 2021 – 2022 Trico REST Budget Table**

Category	2021 Actual Expenses	2022 Approved Budget	2022 Actual Expenses (as of June 30, 2022)	Proposed 2023 Budget
UFI Program Rebates	\$0	\$0	\$0	\$0
Existing PBI Rebates	\$653,876	\$621,855	\$191,175	\$599,692
Residential Solar Water Heating UFI Rebates	\$0	\$1,212	\$0	\$1,212
Generation Meter Program	\$97,268	\$74,926	\$45,328	\$135,592
Administrative Expenses	\$420,593	\$333,413	\$210,913	\$389,767
Projected (Carryover)/Deficit	(\$10,171)	\$40,997	\$0	(\$13,381)
<b>Total REST Budget (with deficit or excess)</b>	<b>\$1,161,566</b>	<b>\$1,072,403</b>	<b>\$457,586</b>	<b>\$1,112,882</b>

26. The Cooperative proposes an increase to the budget due to the continued growth in rooftop solar installations; however, there is proposed decrease to the surcharge energy rate and monthly dollar cap for all classes. Trico has reported that the Cooperative expects a small over or under collection will continue each year.

#### **Surcharge Rates And Caps**

27. Table 5 details the current surcharge rates and caps that have been approved for Trico, and the surcharge rates and caps proposed by Trico for 2023. The surcharge decrease is due to the anticipated budget 2022 surplus of approximately \$13,381 and the projected increase in energy sales for 2023. The average residential customer would see a \$0.17 per month decrease from the 2022 REST Plan surcharge.

**Table 5: Surcharge Rates and Caps**

Customer Type	2022 Rate (\$/kWh)	2023 Rate (\$/kWh)	2022 Maximum	2023 Maximum
Residential	\$0.003433	\$0.003043	\$1.85	\$1.68
Non-Residential (less than 3,000 kW)	\$0.003433	\$0.003043	\$88.26	\$80.35
Non-Residential (equal or greater than 3,000 kW)	\$0.003433	\$0.003043	\$1,708.21	\$1,555.12
Governmental and Agricultural	\$0.001031	\$0.000559	\$44.19	\$40.24



**Customer Class Collections**

28. Table 6 indicates the REST funds Trico estimates would be collected from each customer class:

**Table 6: Customer Class Collections**

Customer Class	% of Customers Reaching the REST Cap	Estimated Revenue (\$)	Estimated Revenue (%)
Residential	58%	\$798,607	72%
Non-Residential (< 3 MW)	50%	\$292,763	26%
Non-Residential (≥ 3 MW)	100%	\$18,661	2%
Agricultural & Governmental	85%	\$5,293	0%
<b>Total</b>		<b>\$1,115,324</b>	<b>100%</b>

**Staff Recommendations**

Staff makes the following recommendations:

1. That Trico's proposed 2023 REST Plan be approved as discussed herein.
2. That Trico maintain its incentives (UFIs and PBIs) at the current zero levels for new PV Systems.
3. That Trico continue its UFI rebates of \$0.40 per kwh of energy saved during the first year of operation, for appropriately certified solar water heating systems.
4. That Trico continue recovery of lifetime costs of existing PBIs for the full term of the contracts.
5. Continuation of the SunWatts Sun Farm Program as discussed herein.
6. That Trico be permitted to continue to move REST dollars between its various REST Programs with the following previously approved restrictions:
  - That no more than 15 percent of the program's approved budget be affected by the shift.
  - Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing shift.

- 1       • That, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift
- 2       will occur unless Trico first secures a Commission Decision authorizing the shift.
- 3       However, before providing written notice to Trico, Staff will work with the
- 4       Cooperative in an attempt to resolve the issue.
- 5       • That within 60 days following any funds shift, Trico must submit to Staff a revised
- 6       budget including the shift of funds.
- 7       7. Approval of Trico's proposed 2023 REST Plan budget as discussed herein.
- 8       8. Approval of Trico's proposed 2023 REST Plan surcharge cap for RPS customers of
- 9       \$0.06 per day.
- 10      9. Approval of Trico's proposed 2023 REST Plan surcharge rates and monthly dollar
- 11      caps as detailed in Table 5.
- 12      10. That Trico continue to file its annual REST compliance reports in Docket No. E-
- 13      00000A-16-0084.

#### CONCLUSIONS OF LAW

- 15      1. Trico Electric Cooperative, Inc. is a public service corporation within the meaning of
- 16      Article XV, Section 2 of the Arizona Constitution.
- 17      2. The Commission has jurisdiction over Trico Electric Cooperative, Inc. and the
- 18      subject matter of the application.
- 19      3. The Commission, having reviewed the application and Staff's memorandum,
- 20      concludes that it is in the public interest to approve Trico Electric Cooperative, Inc.'s 2023 REST
- 21      Plan in compliance with Arizona Administrative Code R14-2-1814.

#### ORDER

23       IT IS THEREFORE ORDERED that Trico Electric Cooperative, Inc.'s 2023 REST Plan is

24      approved as discussed herein.

25       IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall maintain its

26      incentives (UFIs and PBIs) at the current zero levels for new PV Systems.

27      ...

28      ...



1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall continue its UFI  
2 rebates of \$0.40 per kwh of energy saved during the first year of operation, for appropriately certified  
3 solar water heating systems.

4 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall continue recovery  
5 of lifetime costs of existing PBLs for the full term of the contracts.

6 IT IS FURTHER ORDERED the continuation of the SunWatts Sun Farm Program as  
7 discussed herein.

8 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. is hereby permitted to  
9 continue to move REST dollars between its various REST Programs with the following previously  
10 approved restrictions:

- 11 • That no more than 15 percent of the program's approved budget be affected by the  
12 shift.
- 13 • Trico Electric Cooperative, Inc. notify Staff of any plan to shift funds no less than 60  
14 days prior to implementing the shift.
- 15 • That, if Staff notifies Trico Electric Cooperative, Inc. in writing that it is opposed to  
16 a shift in funds, no shift will occur unless Trico Electric Cooperative, Inc. first secures  
17 a Commission Decision authorizing the shift. However, before providing written  
18 notice to Trico Electric Cooperative, Inc., Staff will work with the Cooperative in an  
19 attempt to resolve the issue.
- 20 • That within 60 days following any funds shift, Trico Electric Cooperative, Inc. must  
21 submit to Staff a revised budget including the shift of funds.

22 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc.'s 2023 REST Plan budget  
23 is approved as discussed herein.

24 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc.'s 2023 REST Plan  
25 surcharge cap for RPS customers of \$0.06 per day is approved as discussed herein.

26 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc.'s 2023 REST Plan  
27 surcharge rates and monthly caps are approved as discussed herein.

28 ...

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall continue to file its annual REST compliance reports in Docket No. E-00000A-16-0084.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRWOMAN MARQUEZ PETERSON

COMMISSIONER KENNEDY

COMMISSIONER OLSON

COMMISSIONER TOVAR

COMMISSIONER O'CONNOR

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
Executive Director of the Arizona Corporation Commission,  
have hereunto, set my hand and caused the official seal of this  
Commission to be affixed at the Capitol, in the City of  
Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EOA:CVTD:jn/SAE



1 Trico Electric Cooperative, Inc.  
2 Docket No. E-01461A-22-0179)

3 Eric Hawkins  
4 Trico Electric Cooperative, Inc.  
5 Post Office Box 930  
6 Marana, Arizona 85653  
7 [ehawkins@trico.coop](mailto:ehawkins@trico.coop)

8 **Consented to Service by Email**

9 Robin Mitchell  
10 Director/Chief Counsel, Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 [legaldiv@azcc.gov](mailto:legaldiv@azcc.gov)  
15 [utildivservicebyemail@azcc.gov](mailto:utildivservicebyemail@azcc.gov)

16 **Consented to Service by Email**